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UNCLAS SECTION 01 OF 04 ROME 003257

SIPDIS

AIDAC

FROM U.S. MISSION IN ROME

SENSITIVE

HEADQUARTERS COALITION PROVISIONAL AUTHORITY BAGHDAD
STATE FOR U/S LARSON, PRM A/S DEWEY, IO A/S HOLMES, EUR/NE,
EUR/WE, SA/INS, IO/EDA SWINNICK
USDA/FAS FOR U/S PENN, MCHAMBLISS, RTILSWORTH AND LPANASUK
USAID FOR ADMINISTRATOR NATSIOS, AA/DCHA WINTER, D/DCHA/OFDA
BMCCONNELL, D/DCHA/FFP LANDIS
JOINT STAFF FOR JE/J4/J5
NSC FOR JDWORKEN

E.O. 12958: N/A

TAGS: [AORC](#) [EAID](#) [EAGR](#) [IZ](#) [FAO](#) [WFP](#)

SUBJECT: US MISSION/ROME MEETS WITH FAO ON TRANSITION PLANS
FOR ITS IRAQ OPERATIONS

REF: A) STATE 194739

SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY.
NOT SUITABLE FOR INTERNET POSTING.

SUMMARY

[1](#)1. (SBU) US MISSION MET ON JULY 11 WITH LAURENT THOMAS, FAO SENIOR OPERATIONS OFFICER, SPECIAL RELIEF OPERATIONS SERVICE TO DISCUSS FAO'S TRANSITION PLANS FOR ITS IRAQ OPERATIONS.

FAO IS COGNIZANT OF THE NEED TO KEEP UP A DAILY DIALOGUE WITH THE COALITION PROVISIONAL AUTHORITY (CPA) IN "MANAGING" THE TRANSITION. FAO NEITHER WANTS TO PROCEED AT THIS STAGE WITHOUT PRIOR CONSULTATION WITH CPA NOR TO BE ACCUSED OF NOT MOVING SWIFTLY ENOUGH TO MAKE THE TRANSITION "HAPPEN" BY THE UNSCR NOVEMBER 21 DEADLINE. US MISSION SHARES FAO'S VIEW THAT CPA DEPLOY SOONEST A SENIOR AGRICULTURE OFFICER TO THE NORTHERN 3 GOVERNORATES TO WORK HAND-IN-HAND WITH FAO TO "GUARANTEE" THE PHASE-OVER. END SUMMARY.

BACKGROUND

[1](#)2. (U) US MISSION MET ON JULY 11 WITH LAURENT THOMAS, FAO SENIOR OPERATIONS OFFICER, SPECIAL RELIEF OPERATIONS SERVICE TO DISCUSS FAO'S TRANSITION PLANS FOR ITS IRAQ OPERATIONS PRESENTLY FUNDED BY THE UN OFFICE FOR IRAQ PROGRAMS (OIP) IN NEW YORK.

[1](#)3. (SBU) WORK IN THE NORTH - FAO CURRENTLY HAS PROJECTS TOTALING USD 671 MILLION THAT HAVE BEEN APPROVED BY OIP. AS OF 11 JULY, USD 478 MILLION HAD BEEN DISBURSED, AND FAO EXPECTS THAT AN ADDITIONAL USD 40-60 MILLION WILL BE SPENT BEFORE OCTOBER 1, WHICH IS THE DELIVERY DEADLINE THAT FAO HAS GIVEN THE VENDORS/SUPPLIERS FOR THE NORTHERN GOVERNORATES. PROJECTS FOR THE USD 40-60 MILLION ARE CURRENTLY BEING JOINTLY SUBMITTED FROM FAO AND THE CPA, WHO MUST APPROVE EACH PROJECT (AS SPECIFIED UNDER UNSCR 1483) BEFORE IT IS SUBMITTED FOR APPROVAL TO FAO/HQ AND OIP. THE ESTIMATED BALANCE OF USD 133-153 MILLION WOULD BE SUPPLEMENTED BY INCOME THAT FAO IS CURRENTLY GENERATING BY SELLING EQUIPMENT TO PRIVATE COMPANIES. IN TOTAL, FAO EXPECTS THERE TO BE A BALANCE OF USD 150-160 MILLION IN THE 13 PERCENT ACCOUNT FOR THE THREE NORTHERN GOVERNORATES WHEN THE NOVEMBER 21 DEADLINE ARRIVES. ALL OF THESE PROJECTS (IN FAO'S EYES) WILL BE COMPLETED OR NEARLY COMPLETED BY NOVEMBER 21.

[1](#)4. (SBU) FAO IN BAGHDAD HAS BEEN WORKING CLOSELY WITH THE CPA IN BAGHDAD, BUT FOR THE NORTH, FAO IS CONCERNED THAT DISCUSSION REGARDING THE PHASE-OVER FOR THE NORTHERN THREE GOVERNORATES IS BEHIND SCHEDULE. FAO CURRENTLY HAS 40 INTERNATIONAL STAFF IN IRAQ, ABOUT 60 PERCENT OF WHOM ARE WORKING IN THE THREE NORTHERN GOVERNORATES. FAO HAS ABOUT 550 NATIONAL STAFF IN THE NORTH, MANY OF WHOM HAVE WORKED FOR FAO SINCE 1997. IN ADDITION, THERE ARE 4,000-6,000 CASUAL LABORERS WHO ALSO HAVE WORKED FAIRLY STEADILY FOR FAO OVER THE YEARS. FAO IS IN THE PROCESS OF DEVISING A LAY-OFF PLAN FOR THESE EMPLOYEES, BUT ANTICIPATES THAT THIS WILL NOT BE EASY.

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[1](#)5. (U) AFTER THE PASSING OF UNSC 1472 AND 1476, FAO REVIEWED

THE CONTRACTS THAT HAD BEEN LET BY THE GOVERNMENT OF IRAQ FOR SOUTH/CENTRAL AND APPROVED BY OIP UNDER THE 59 PERCENT ACCOUNT. IN REVIEWING AND PRIORITIZING THE CONTRACTS, FAO CHOSE THE ONES WHERE IT APPEARED THAT THE VENDOR COULD DELIVER ON OR BEFORE JUNE 3 (THE ORIGINAL DATE OF THE EXTENSION OF THE OFF PROGRAM) AND WHERE THE FUNDS HAD

ALREADY BEEN PLACED INTO A LETTER OF CREDIT FROM OIP. THESE CONTRACTS TOTALED APPROXIMATELY USD 185 MILLION. MANY OF THESE CONTRACTS ARE ALREADY IN THE EXECUTION STAGE; OTHERS ARE IN THE FINAL STAGES OF NEGOTIATION. FAO IS SEIZED WITH ENSURING THE TIMELY RECEIPT, STORAGE AND DISTRIBUTION OF THESE INPUTS, SUPPLIES AND EQUIPMENT.

16. (SBU) THE CONTRACTS RELATED TO THIS USD 185 MILLION DO NOT INCLUDE AGRICULTURAL PROVISIONS/SUPPLIES FOR THE FALL AND WINTER. FAO HAS BEEN WORRIED ABOUT THE LEAD TIME REQUIRED TO PURCHASE SUPPLIES OF SEEDS, PESTICIDES AND FUNGICIDES FOR CROPS, ANIMAL VACCINES, IRRIGATION EQUIPMENT, ETC. FOR THE SOUTH/CENTRAL REGIONS AS WE NEAR THE FALL PLANTING SEASON. THIS CONCERN HAS LESSENERED JUST RECENTLY AS, IN THE LAST TEN DAYS, CPA ASKED FAO TO ASSUME USD 700 MILLION WORTH OF ADDITIONAL CONTRACTS THAT INCLUDES THE ABOVE ITEMS. AND ON JULY 14, CPA TOLD FAO IT WOULD LIKE IT (FAO) TO TAKE OVER ALL CONTRACTS IN THE AGRICULTURE SECTOR, WHICH COULD AMOUNT TO AN ADDITIONAL USD HUNDREDS OF MILLIONS.

17. (SBU) NOTE: JUST AS WFP HAD TO DO FOR ALL THE CONTRACTS FOR WHICH IT ASSUMED RESPONSIBILITY, FAO WILL HAVE TO RE-NEGOTIATE ALL THESE CONTRACTS. IT IS A FORMIDABLE TASK AS NO ONE CONTRACT IS SIMILAR TO ANOTHER. EACH CARRIES ITS OWN UNIQUE QUALITIES/PROBLEMS/CHALLENGES. END NOTE.

18. (SBU) IN THE PAST, IRAQ HAD SEVERAL OPERATIONAL FERTILIZER FACTORIES IN THE SOUTH/CENTRAL REGIONS. HISTORICALLY, IT DID NOT HAVE TO IMPORT FERTILIZER FOR THE CROPPING SEASONS UNDER THE OFF PROGRAM. AS, HOWEVER, THE FERTILIZER FACTORIES ARE PRESENTLY NON-OPERATIONAL, FAO ASSERTS THAT FERTILIZER CONTRACTS NOW NEED TO BE ADDED TO THE AGRICULTURAL IMPORT SUPPLY LIST. FAO REPORTS THAT JORDAN IS A LARGE PRODUCER OF FERTILIZER SO ACQUIRING IT IN A TIMELY FASHION SHOULD NOT BE DIFFICULT, ONCE ANY CONTRACT GOES THROUGH THE VARIOUS APPROVAL CHANNELS.

FAO LIAISON WITH CPA

19. (SBU) ONE IMPORTANT REQUIREMENT OF ALL UN CONTRACTS IS THAT THE VENDOR MUST BE ABLE TO DELIVER PRIOR TO NOVEMBER 21. FAO/HQ HAS ASKED ITS STAFF IN BAGHDAD TO RECEIVE IN WRITING FROM THE CPA THAT IT WILL ASSUME THE FOLLOWING RESPONSIBILITIES, WHEN GOODS ARRIVE:

-PROVIDE SECURITY FROM THE BORDER POINT TO THE DELIVERY POINT, AND IF NEEDED, AT THE DELIVERY POINT;
-TAKE OWNERSHIP OF THE GOODS AT THE DELIVERY POINT AND DO

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NEXT STEPS

10. (SBU) FAO IS POSITIVE ABOUT ITS RELATIONSHIP WITH CPA IN BAGHDAD, BUT STRESSES THAT A CPA AGRICULTURE LIAISON IS URGENTLY NEEDED IN THE NORTH. FAO FEELS THAT CPA WILL HAVE TO CONTINUE TO SUPPORT AGRICULTURE AT A HIGH LEVEL FOR A LONGER PERIOD OF TIME THAN IT (CPA) MAY CURRENTLY ANTICIPATE, INCLUDING IN THE NORTH, EVEN THOUGH THE LATTER REGION IS ADMITTEDLY NOT AS "NEEDY" AS THE REST OF THE COUNTRY.

11. (SBU) ON JULY 14, AMBASSADOR DAN AMSTUTZ, THE CPA SENIOR ADVISOR FOR AGRICULTURE, COMMUNICATED WITH THE FAO/HQ'S LAURENT THOMAS, RELATED TO HOW CPA SEES FAO'S EVOLVING RESPONSIBILITIES. NOTE: THOMAS IS QUITE POSITIVE ON AMBASSADOR AMSTUTZ'S FORMIDABLE AGRICULTURAL CREDENTIALS AND "TAKE-CHARGE" QUALITIES. END NOTE.

FAO PREPARATIONS FOR THE OCTOBER DONOR CONFERENCE

12. (U) FAO, UNDP AND THE WORLD BANK HAVE NOW COMMENCED AN OVERALL ASSESSMENT OF THE IRAQI AGRICULTURE SECTOR IN PREPARATION FOR THE DONORS MEETING ON IRAQ TO BE HELD THIS OCTOBER. THE FIRST DRAFT OF THE ASSESSMENT IS TO BE COMPLETED BY AUGUST 15.

13. (U) FAO HAS ALSO PREPARED THE FOLLOWING FINAL DRAFT WORKING DOCUMENTS ON THE NORTHERN IRAQ AGRICULTURAL SECTOR, AS FOLLOWS:

A) THREE-VOLUMES, RELEASED IN JUNE 2003:

- SCR 9686 - THREE-YEAR AGRICULTURAL PROGRAM IN THE IRAQI
NORTHERN GOVERNORATES - MAIN REPORT & ANNEXES 1 TO 6
- ANNEX 7 TO THE MAIN REPORT
- TEN WORKING PAPERS (VOLUME 3); AND

B) FOUR-VOLUMES, RELEASED IN JULY 2003:

- PROJECT PROFILES - COMPONENT 1 (VOLUME 4 OF 6) (PART A);
- PROJECT PROFILES - COMPONENT 2 (VOLUME 4 OF 6) (PART B);
- PROJECT PROFILES - COMPONENT 3 (VOLUME 5 OF 6); AND
- PROJECT PROFILES - COMPONENTS 4 AND 5 (VOLUME 6 OF 6).

NOTE. HARD COPIES OF A COMPLETE SET OF THESE REPORTS HAVE
BEEN FEDEXED TO MARY T. CHAMBLISS, DA/EC/USDA/FAS. END NOTE.

COMMENT

14. (SBU) FAO HAS AT PRESENT A LARGE AND HEAVY PORTFOLIO -
HELPING SALVAGE THE CURRENT HARVEST BY ACTING AS THE BARLEY
BUYER OF "LAST RESORT;" ACQUIRING FERTILIZER AND PESTICIDES
IN AMPLE AND TIMELY QUANTITIES; ENSURING THAT THERE IS SEED

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ENT REGIONWIDE SPREAD OF
DISEASE; TECHNICAL ASSISTANCE TO REHABILITATION OF
IRRIGATION WORKS; FRUIT TREE AND POULTRY REVIVAL; AND SO ON.
TO KEEP THE TURNOVER TIMETABLE ON-TRACK, DAILY DIALOGUE WILL
BE NEEDED BOTH IN BAGHDAD AND IN THE NORTH. FAO NEITHER
WANTS TO PROCEED AT THIS STAGE WITHOUT PRIOR CONSULTATION
WITH CPA NOR TO BE ACCUSED OF NOT MOVING SWIFTLY ENOUGH TO
MAKE THE TRANSITION "HAPPEN" BY THE UNSCR-IMPOSED NOVEMBER
21 DEADLINE. US MISSION SHARES FAO'S VIEW THAT CFA DEPLOY
SOONEST A SENIOR AGRICULTURE OFFICER TO THE NORTHERN 3
GOVERNORATES TO WORK HAND-IN-HAND WITH FAO TO "GUARANTEE" THE
PHASE-OVER.

15. (U) MINIMIZE CONSIDERED. HALL

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